

RESOLUTION NO. _____

RESOLUTION OF INTENTION TO ESTABLISH
COMMUNITY FACILITIES DISTRICT

CITY OF FULLERTON
Community Facilities District No. 3
(The Pines at Sunrise Village)

THE CITY COUNCIL OF THE CITY OF FULLERTON HEREBY RESOLVES,
DETERMINES, AND ORDERS AS FOLLOWS:

1. Authority. This City Council is authorized to establish a community facilities district and to act as the legislative body for a community facilities district under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, and proposes to conduct proceedings to establish a community facilities district under the Act in order to finance the acquisition and construction of certain public facilities.

2. Petition and Waiver. The City Council acknowledges receipt of a petition and waiver submitted by the owners of all taxable property in the proposed boundaries of the CFD.

3. Name of CFD. The name proposed for the community facilities district is "City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village)" (the "CFD").

4. Boundaries Described. The proposed boundaries of the CFD are as shown on the map of it on file with the City Clerk, a copy of which is attached hereto as Exhibit C, and are hereby preliminarily approved as the boundaries of the CFD. Reference is hereby made to this map for further particulars. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the CFD in the office of the County Recorder of the County of Orange (the "County") within 15 days after the date of adoption of this Resolution, but in any event at least 15 days before the public hearing specified below.

5. Facilities. The type of public facilities proposed to be financed by the CFD under the Act shall consist of those shown on Exhibit A hereto and hereby incorporated herein (the "Facilities"). The City Council hereby determines that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD. The City Council hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with Section 53329.5(a) of the Act. In addition, the City, on behalf of CFD, may enter into one or more contracts directly with any of the property owners with respect to the construction or acquisition of all or any portion of the Facilities.

Under Section 53314.9 of the Act, the City Council hereby declares its intent to accept advances of funds for authorized purposes of the CFD, and to repay such advances of funds pursuant to the Deposit and Reimbursement Agreement entered into as of July 1, 2021, between the City and Sunrise Village Owner, LLC.

6. Special Tax. Except to the extent that funds are otherwise available, the City will levy a special tax (the "Special Tax") to pay directly for the Facilities, to pay the principal and interest on bonds or other indebtedness of the City issued to finance the Facilities, and to reimburse third parties for the costs of Facilities. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied periodically within the CFD, and will be collected in such manner as this City Council or its designee may determine, which may include direct billing of the affected property owners, or collection in the same manner as ordinary ad valorem property taxes. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD are described in Exhibit B attached hereto and hereby incorporated herein (the "Rate and Method"), which contains sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay.

In the case of any Special Tax to pay for the Facilities and to be levied against any parcel used for private residential purposes: (i) the maximum special tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes and which amount shall not be increased over time over 2% per year; (ii) the tax year after which no further Special Tax subject to this paragraph may be levied or collected shall be as set forth in Exhibit B hereto; and (iii) under no circumstances will the Special Tax levied in any fiscal year against any parcel subject to this paragraph be increased as a consequence of delinquency or default by the owner of any other parcel within the CFD by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For the purposes hereof, a parcel is used for "private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

This Board hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

7. Exempt Property. Except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and/or the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax. If a portion of the property within the CFD becomes exempt for any reason, wholly or in part, from the levy of the Special Tax, this City Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the required debt service payments and other annual expenses of the CFD, if any, subject to the provisions of the Rate and Method.

8. Election; Voting Procedure. The levy of the Special Tax shall be subject to the approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot to the landowners in the proposed CFD, with each owner having one vote for each acre or portion of an acre such owner owns in the CFD.

9. Special Tax Bonds. It is the intention of this City Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance in whole or in part the acquisition and construction of the Facilities. The bonds shall be in an aggregate principal amount not to exceed \$7,000,000, shall be issued in such series and bear interest payable semi-annually or in such other manner as this City Council determines, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature no later than 40 years after their date of issuance.

10. CFD Report. The Director of Administrative Services is hereby directed to study the proposed Facilities and to make, or cause to be made, and file with the City Clerk a report in writing (the "CFD Report") presenting the following:

A. A description of the Facilities by type that will be required to adequately meet the needs of the CFD.

B. An estimate of the fair and reasonable cost of the Facilities, including without limitation any cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

The CFD Report shall be made a part of the record of the public hearing specified below.

11. Public Hearing. This City Council hereby appoints and fixes Tuesday, November 16, 2021, at 6:30 p.m. or as soon as possible thereafter, in the Council Chambers, 303 West Commonwealth, Fullerton, California, as the time and place when and where this City Council, as legislative body for the CFD, will conduct a public hearing in order to take public comment on the establishment of the CFD, and will consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Tax.

12. Notice of Hearing. Pursuant to Section 53322 of the Act, the City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication shall be completed at least 7 days before the date of the public hearing specified above. Under Section 53322.4 of the Act, the City Clerk may also give notice of the public hearing by first-class mail to each landowner within the CFD, to each such owner's address as it appears on the most recent tax records of the County or as otherwise known to the City Clerk to be correct, such mailing to be completed not less than 15 days before the date of the public hearing. Each of the notices shall be substantially in the form specified in Section 53322 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

13. Tender of Bonds. The City Council reserves to itself the right and authority set forth in Section 53344.1 of the Act, subject to any limitations set forth in any bond resolution or trust indenture related to the issuance of bonds.

14. Advances of Funds and Work in Kind. Pursuant to Section 53314.9 of the Act, at any time either before or after the formation of the CFD, the legislative body may accept advances of funds or work in kind from any source, including, but not limited to, private persons or entities, and may provide, for the use of those funds or that work in kind for any authorized purpose, under all of the following conditions: (a) the proposal to repay the funds or the value or cost of the work in kind, whichever is less, is included in both this Resolution and in the Resolution to establish the Community Facilities District pursuant to Section 53325.1; (b) any proposed Special Taxes are approved by the qualified electors of the CFD pursuant to the Act; and (c) any work in kind accepted pursuant to Section 53314.9 of the Act is performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of a local public agency. This Council finds that the City may accept advances of funds or work in kind if necessary, and may enter into an agreement (an "Improvement Agreement"), by resolution, with the person or entity advancing the work in-kind, to reimburse the person or entity

for the value, or cost, whichever is less, of the work in-kind, as determined by the City Council, with or without interest, under the conditions specified in the Act and the Improvement Agreement.

15. Further Action. The Director of Administrative Services is hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.

16. No Obligation. This Resolution shall in no way obligate the City Council to form the CFD, to construct any of the Facilities, or to issue any bonds for the CFD. The formation of the CFD shall be subject to the approval of this City Council by resolution following the holding of the public hearing referred to above.

17. Effectiveness. This Resolution shall take effect from and after its adoption.

* * * * *

ADOPTED BY THE FULLERTON CITY COUNCIL on October 5, 2021.

Bruce Whitaker, Mayor

ATTEST:

Lucinda Williams, City Clerk

Date: _____

EXHIBIT A

CITY OF FULLERTON Community Facilities District No. 3 (The Pines at Sunrise Village)

DESCRIPTION OF AUTHORIZED FACILITIES

The types of facilities (collectively, the “Facilities”) proposed to be financed by the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) (the “CFD”) under the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”) are as follows. The Facilities shall have a useful life of five years or more, shall be owned and operated by the City, and shall be constructed, whether or not acquired in their completed states, pursuant to the plans and specifications approved by the City.

- Rehabilitation and preservation of streets, curbs, gutters, landscaping, and related improvements
- Park improvements included in the City’s park impact fee program
- Sewer improvements, including the acquisition of sewer treatment capacity funded with sewer capacity contributions

The Facilities may be located within or outside the CFD boundaries.

The Facilities to be financed or funded shall include, without limitation, the following costs: earthwork related to the Facilities; appurtenances to and improvements related to the Facilities; acquiring rights-of-way (including any right-of-way intended to be dedicated by the recording of a final map); design, engineering and planning; any environmental review or environmental studies, traffic studies, surveys, geotechnical studies, soils testing, or other studies related to the Facilities; permits, plan check and inspection fees; insurance, legal and related overhead costs; project management, coordination and supervision; and any other costs or appurtenances related to any of the foregoing.

The CFD may also finance or fund, and the special taxes may also be used, to directly pay for the purchase, construction, expansion, improvement or rehabilitation of any of the Facilities, and to reimburse the City or any third parties for advances made to purchase, construct, expand, improve or rehabilitate any of the Facilities.

The Facilities listed in this Exhibit are representative of the types of improvements to be furnished by the CFD. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City. Addition, deletion or modification of descriptions of Facilities may be made consistent with the requirements of the City Council, the CFD and the Act.

Other Authorized Costs

The CFD may also finance or fund, and the special taxes may also be used for, all of the following:

1. To pay principal of, interest on, and any premium due with respect to, any bonds or other indebtedness issued or entered into by the City with respect to the CFD, and to pay lease payments or installment sale payments with respect to any of the Facilities.

2. To pay all expenses related to the issuance of bonds or other indebtedness by the City with respect to the CFD, including without limitation: underwriters discount; reserve fund; capitalized interest; fees, expenses and premium associated with any letter of credit or other credit enhancement; fees and expenses of bond counsel, disclosure counsel and City attorney; fees and expenses of the City's municipal advisors, special tax consultants, appraisers, engineers, and other City consultants; and all other incidental expenses.

3. Administrative fees and expenses of the City and the bond trustee or fiscal agent related to the CFD and the Bonds, including without limitation the costs incurred to determine, levy and collect the special taxes, including compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the special taxes upon the general tax rolls, preparation of required reports, and any other costs incurred in the administration of the CFD and the Bonds by the City.

4. Reimbursement of costs related to the formation of the CFD advanced by the City, the landowners in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowners in the CFD or any party related to any of the foregoing, for Facilities, fees or other purposes or costs of the CFD.

EXHIBIT B

**CITY OF FULLERTON
Community Facilities District No. 3
(The Pines at Sunrise Village)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

[Attached]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FULLERTON COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) ("CFD No. 3") and collected each Fiscal Year, in an amount determined by the City Council of the City of Fullerton, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area expressed in acres of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 (commencing with Section 53311) of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements with respect to the Special Tax and CFD No. 3 Bonds; the costs to the City, CFD No. 3 or any designee thereof of complying with disclosure requirements of the City, CFD No. 3 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 3 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses related to CFD No. 3 Bonds. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor" means the Assessor of the County.

"Assessor's Parcel" means a lot or parcel to which an Assessor's parcel number is assigned as determined from an Assessor's Parcel Map or the applicable assessment roll.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.(b) below.

"Attached Residential Property" means Assessor's Parcels of Developed Property for which building permits have been issued for a residential dwelling unit that shares, or will share, an inside wall with another residential dwelling unit.

"Authorized Facilities" means those facilities eligible to be funded by CFD No. 3.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(c) below.

"Buildout" means, for CFD No. 3, that all expected building permits for residential dwelling units and/or non-residential development to be constructed within CFD No. 3 have been issued, as determined by the CFD Administrator.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes, and performing other duties as set forth herein.

"CFD No. 3" means City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village).

"CFD No. 3 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 and secured by the Special Tax levy on property within the boundaries of CFD No. 3 under the Act.

"City" means the City of Fullerton, California.

"Council" means the City Council of the City acting as the legislative body of CFD No. 3.

"County" means the County of Orange.

"Detached Residential Property" means Assessor's Parcels of Developed Property for which building permits have been issued for a residential dwelling unit that is or is expected to be surrounded by freestanding walls and that does not share an inside wall with any other residential dwelling unit.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which the Final Subdivision was recorded on or before January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, and for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2021 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Final Subdivision" means (i) a subdivision of property by recordation of a final map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 that creates an individual lot(s) for which a building permit(s) may be issued without further subdivision. The term "Final Subdivision" shall not include any Assessor's Parcel Map or subdivision map or portion thereof that does not create individual lots for which a building permit may be issued, including Assessor's Parcels that are designated as remainder parcels. Notwithstanding the above, a condominium plan for which one or more building permits have been issued, but no individual lots have been created for such building permits, shall be considered a Final Subdivision, and the portion of the condominium plan for which building permits have been issued shall be defined as Developed Property.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 3 Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 herein.

"Lower Income Households Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 3 that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessment roll finalized as of the last preceding January 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C herein, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction of one or more non-residential structures or facilities.

"Outstanding Bonds" means all CFD No. 3 Bonds which are outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 3 for which the owner of record, as determined from the County's assessment roll for the Fiscal Year in which the Special Tax is being levied, is a property owner's association, including any master or sub-association, or (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

"Proportionately" means that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" shall similarly be applied to other categories of Taxable Property as listed in Section D herein.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 3 that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment for CFD No. 3.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor's Parcel shall be as set forth in the building permit(s) issued for such Assessor's Parcel and/or as set forth in the appropriate records kept by the Building and Safety Division of the City, or other applicable City department, as determined by the CFD Administrator.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction thereon of one or more residential dwelling units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 3 to fund the Special Tax Requirement.

"Special Tax Requirement" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the CFD No. 3 Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv), above, reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Special Tax levy beyond the first step in Section D herein.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 3 which are not exempt from the Special Tax pursuant to applicable law or Section E herein.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E herein.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E herein.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

Please refer to additional definitions in Section H herein relating to the Prepayment of Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2022-2023, all Taxable Property within CFD No. 3 shall be classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D herein.

C. MAXIMUM SPECIAL TAX RATE

Residential Property shall be assigned to Land Use Classes 1 through 9 as listed in Table 1 below based on the type of use and the Residential Floor Area for each residential dwelling unit. Non-Residential Property shall be assigned to Land Use Class 10.

1. Developed Property

(a). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b). Assigned Special Tax

The Assigned Special Tax that shall be levied in any Fiscal Year for each Land Use Class is shown below in Table 1.

Table 1
Assigned Special Tax for Developed Property
City of Fullerton CFD No. 3 (The Pines at Sunrise Village)

Land Use Class	Description	Residential Floor Area (square feet)	Assigned Special Tax
1	Detached Residential Property	2,400 or greater	\$3,228 per unit

Land Use Class	Description	Residential Floor Area (square feet)	Assigned Special Tax
2	Detached Residential Property	2,200 to less than 2,400	\$3,071 per unit
3	Detached Residential Property	2,000 to less than 2,200	\$2,849 per unit
4	Detached Residential Property	Less than 2,000	\$2,784 per unit
5	Attached Residential Property	1,900 or greater	\$2,332 per unit
6	Attached Residential Property	1,700 to less than 1,900	\$2,236 per unit
7	Attached Residential Property	1,500 to less than 1,700	\$2,069 per unit
8	Attached Residential Property	1,300 to less than 1,500	\$1,902 per unit
9	Attached Residential Property	Less than 1,300	\$1,735 per unit
10	Non-Residential Property	NA	\$84,570 per Acre

(c). Backup Special Tax

The Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$99,500 per Acre and shall not be subject to escalation and shall therefore remain the same in every Fiscal Year.

Furthermore, all Assessors' Parcels within CFD No. 3 shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the CFD Administrator calculates that (i) the annual debt service required for the Outstanding Bonds, when compared to the Assigned Special Tax that shall be levied against all Assessors' Parcels of Developed Property in CFD No. 3 results in 110% debt service coverage (i.e., the Assigned Special Tax that shall be levied against all Developed Property in CFD No. 3 in each remaining Fiscal Year based on the then existing development is at least equal to the sum of (a) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (b) Administrative Expenses), and (ii) all authorized CFD No. 3 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 3.

(d). Multiple Land Uses

In some instances an Assessor's Parcel may contain both Developed Property and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to May 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Special Tax that can be levied on such Assessor's

Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$99,500 per Acre and shall not be subject to escalation and shall therefore remain the same in every Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2022-2023, and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and shall provide for the levy of the Special Tax each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax for Taxable Public Property and Taxable Property Owner Association Property, as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, the CFD Administrator shall, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Special Tax in step one (above), when (i) the CFD Administrator is no longer required to provide for the levy of the Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 3 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax.

Further notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit

for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 3 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on up to 7.7 Acres of Public Property and/or Property Owner Association Property in CFD No. 3. Tax-exempt status shall be assigned by the CFD Administrator in the chronological order in which property in CFD No. 3 becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it shall, from that point forward, be subject to the Special Tax.

Notwithstanding the above, an Assessor's Parcel in CFD No. 3 that is transferred to a public agency or property owner's association prior to the issuance of the first series of CFD No. 3 Bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 7.7 Acreage limit that can be designated by the CFD Administrator under this Section E shall also be exempted from paying the Special Tax.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this Section E shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D herein, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property and Property Owner Association Property.

In addition, no Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Special Tax, then the Special Tax shall be levied on such Assessor's Parcel in accordance with this Rate and Method of Apportionment as if such Assessor's Parcel were not classified as Lower Income Households Welfare Exemption Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, and/or may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels.

G. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment of Special Taxes. During the pendency of an

appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, a cash refund shall not be made (except for the last year of levy), but the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year(s). If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payment of Special Taxes. This second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

H. PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 3 is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Undeveloped Property for which a building permit has been issued after January 1, 2021, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to a date that notice of redemption of CFD No. 3 Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture that is specified in the report of the Special Tax Prepayment Amount (defined below).

The following additional definitions apply to this Section H:

"CFD Public Facilities Costs" means either \$4,785,500 in 2021 dollars, which shall increase by the Construction Inflation Index on July 1, 2022, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for the Authorized Facilities under the authorized bonding program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it shall not issue any more CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax levy under this Rate and Method of Apportionment.

"Construction Inflation Index" means the annual percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be

published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, and (iii) the amount the CFD Administrator reasonably expects to derive from the reinvestment of these funds.

"Improvement Fund" means a fund or account specifically identified in the Indenture (or prior to the issuance of the first series of CFD No. 3 Bonds a fund or account held by the City) to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

1. Prepayment in Full

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount	
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total:	equals Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated according to the following paragraphs:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued after January 1, 2021, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Tax levy for CFD No. 3 based on the Assigned Special Taxes for Developed Property which could be levied on all expected development assuming Buildout of CFD No. 3, excluding any Assessor's Parcels which have been prepaid, and

- (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at Buildout for the entire CFD No. 3, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be redeemed (the "Bond Redemption Amount").
 5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
 6. Compute the current Future Facilities Costs.
 7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
 8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the redemption date for the Previously Issued Bonds specified in the report of the Special Tax Prepayment Amount.
 9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
 10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount, less any interest earnings attributed to the Future Facilities Amount, and less any interest earnings attributed to the Administrative Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
 11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
 12. The administrative fees and expenses of CFD No. 3 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 3 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
 13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the

amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve requirement (as defined in the Indenture).

14. If any capitalized interest for the Previously Issued Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment date (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Special Tax Prepayment Amount").

2. Prepayment in Part

The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(PE - A) \times F] + A$$

These terms have the following meaning:

PP = the partial prepayment.

PE = the Special Tax Prepayment Amount calculated according to Section H.1.

F = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

A = the Administrative Fees and Expenses calculated according to Section H.1.

3. General Provisions Applicable to the Prepayment of Special Tax

(a). Use of the Special Tax Prepayment Amount

The Special Tax Prepayment Amount, less the Administrative Fees and Expenses calculated according to Section H.1 which shall be retained by CFD No. 3, and less the Future Facilities Amount calculated according to Section H.1 which shall be deposited into the Improvement Fund, shall be deposited into specific funds established under the Indenture, to fully or partially redeem as many Outstanding Bonds as possible, and, if amounts are less than \$5,000, to make debt service payments on the Outstanding Bonds.

(b). Full Prepayment of Special Tax

Upon confirmation of the payment of the current Fiscal Year's entire Special Tax obligation, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in accordance with Section H.1, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of

the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

(c). Partial Prepayment of Special Tax

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.3.(a) and (ii) indicate in the records of CFD No. 3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

(d). Debt Service Coverage

Notwithstanding the foregoing, no prepayment of the Special Tax shall be allowed unless the amount of Special Tax that may be levied on Taxable Property (assuming Buildout) within CFD No. 3 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property as set forth in Section E herein), after the proposed prepayment, is at least equal to the sum of (i) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (ii) Administrative Expenses.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall the Special Tax be levied after Fiscal Year 2071-2072.

*T/Clients/Fullerton/Mello/The Pines (2021)/Rate and Method/Fullerton CFD No. 3 (The Pines at Sunrise Village) RMA for ROI.docx
Printed: September 23, 2021*

EXHIBIT C

**CITY OF FULLERTON
Community Facilities District No. 3
(The Pines at Sunrise Village)**

BOUNDARY MAP

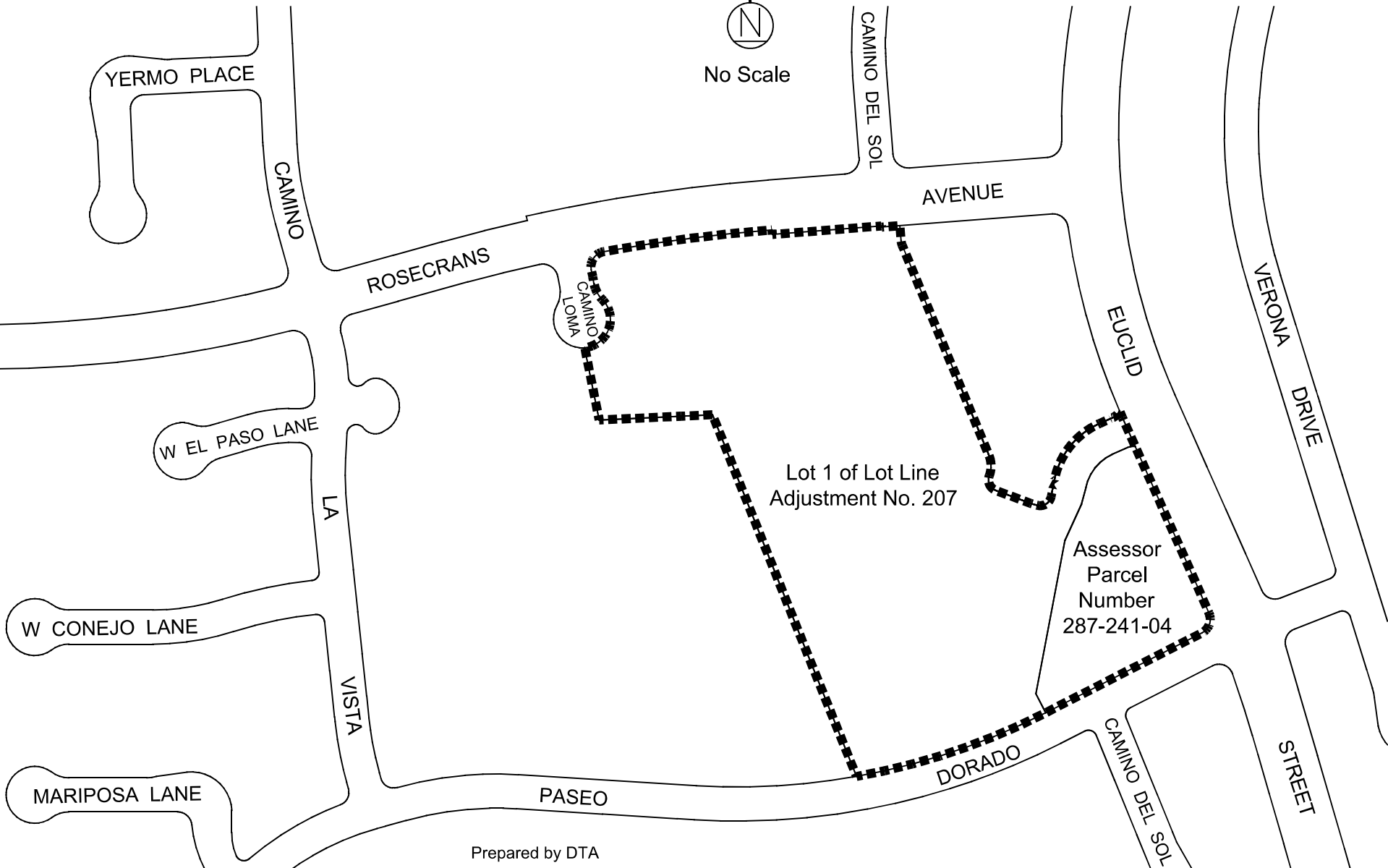
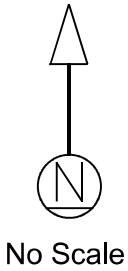
[Attached]

PROPOSED BOUNDARIES OF
CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3 (THE PINES AT SUNRISE VILLAGE)
COUNTY OF ORANGE, STATE OF CALIFORNIA

LEGEND

Proposed Boundaries of City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village)

For an exact description of the lines and dimensions of each parcel and lot reference is hereby made to the Assessor maps of the County of Orange and Lot Line Adjustment No. 207 recorded on August 12, 2021 in the office of the County Recorder in the County of Orange as Instrument No. 2021000509353.



(1) Filed in the office of the City Clerk of the City of Fullerton this ____ day of _____, 2021.

City Clerk,
City of Fullerton

(2) I hereby certify that the within map showing the proposed boundaries of City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village), County of Orange, State of California, was approved by the City Council of the City of Fullerton at a regular meeting thereof, held on this ____ day of _____, 2021, by its Resolution No. _____.

City Clerk,
City of Fullerton

(3) Filed this ____ day of _____, 2021, at the hour of ____ o'clock ____ m, in Book ____ of Maps of Assessment and Community Facilities Districts at Page ____ and as Instrument No. _____, in the office of the County Recorder in the County of Orange, State of California, at the request of the City of Fullerton.

Hugh Nguyen
Clerk-Recorder, County of Orange

By _____
Deputy Recorder

Fee _____

Exempt Recording Requested, per CA Government Code §27383